



# CENTRAL INTELLIGENCE AGENCY

## THE PRESIDENT'S DAILY BRIEF



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5 OCTOBER 1966

~~TOP SECRET~~

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1. South Vietnam

Ky has indeed acted quickly to head off the cabinet crisis that appeared to be brewing yesterday. He requested, received, and accepted the resignation of the northern cabinet minister whose heavy-handed treatment of his chief subordinate, a southerner, started the fuss.

Ky today denied that any other cabinet members had resigned, and told Ambassador Lodge that the incident was closed.

2. Vietnam

The Soviets will soon begin to supply North Vietnam with petroleum from Vladivostok, in the Far East. They will use 4,000-ton tankers rather than the 10-11,000 tonners that have been used to bring oil from the Black Sea.

Use of the smaller ships will give the Soviets greater flexibility in off-loading at Haiphong. Since the June bombings of the facilities there, off-loading a large tanker has taken at least three weeks.

The changed route will not keep the Soviets from meeting Hanoi's petroleum requirements of about 16,000 tons a month. Sufficient small tankers are already in the Far East, and siphoning off this amount of petroleum products will not seriously deplete supplies there.

3. Communist China

The Chinese leaders appear nervous over this year's harvest. We believe they have cause for concern--there are reports of hunger already. Today at Annex we discuss Chinese agriculture and the prospects for the harvest.

#### 4. Communist China

The Chinese were quite accommodating in preliminary trade talks with the Japanese in mid-September. The Chinese readily agreed to pay cash for their purchases of steel and fertilizer and were forthcoming on prices for Chinese exports.

The talks--which set guidelines for full-scale negotiations to begin next month--resulted in agreement to increase 1967 trade by 20 percent over this year. Japan is already Communist China's largest trading partner.

The Chinese will probably be somewhat tougher when final details are discussed. They are likely to remain fairly cooperative, however, in keeping with their campaign to expand trade with non-Communist countries.

#### 5. France

The French have decided to begin independent development of a communications satellite next year. The satellite is to be placed in a stationary orbit to relay communications between France and Africa.

It will be several years, however, before the satellite or the necessary launch vehicle will be ready.

Three joint working groups have been formed under the Franco-Soviet space collaboration agreement.

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## 6. NATO

The forthcoming trilateral talks on offset problems are generating concern among the other NATO allies.

Secretary General Brosio feels that the US, Britain, and Germany cannot discuss balance of payments without getting into such factors as force levels and strategy which concern all the allies. Similar views have been expressed by Italy and the Netherlands--the latter also noting that the talks may inflate the role of Germany in NATO affairs.

Norway's defense minister fears that consideration of troop reductions might result in political pressure on his government to reduce its commitments.

## 7. Congo

Mobutu continues to press for unconditional surrender of the 2,500 Katangan rebels who withdrew from Kisangani (Stanleyville) ten days ago. He appears unaware that the Katangans are negotiating from a strong position.

the rebels are well armed, well disciplined, and not impressed by the government forces drawn up against them. The Katangans are tired of fighting, however, and would probably lay down their arms if their safety were guaranteed by the European mercenaries.

Katangan distrust of Mobutu has been heightened by a premature radio announcement yesterday that they had surrendered.

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## 8. Uruguay

The Uruguayan Government is expelling four Soviet Embassy officials for interference in Uruguayan labor affairs.

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Our embassy, in calling the Uruguayan Government's attention to the Russians' activities, urged that one or two be expelled at a time in order to retain leverage over the Soviet Embassy. The Uruguayans were so disturbed, however, that they ousted all four at once.

Uruguay's Communist party has been involved in a series of politically motivated strikes, including the recent successful general strike, and the government is extremely sensitive on this issue.

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## ANNEX

The Hungry Giant: China's Agriculture  
Stumbles Again

"Do we not have a bellyful of rage?  
That is magnificent. Our rage will  
drive us onward."

Mao Tse-tung

Rage is a poor substitute for rice, particularly in a land where the specter of famine lurks just beyond the next harvest. This year is no exception. The winter ahead looks bleak and hungry.

Two grains--rice and wheat--form the basic staples of the Chinese diet. The major harvest is in the fall and the signs are not promising. Across the plains of northern China, the wheat has been baked by prolonged drought. South China, where most of the rice is grown, has had floods and insect pests. There is ample rage for all men's bellies in China today but there is not ample food.

Agriculture in China is still essentially a form of basic combat between a man with a hoe and the elements. Much that is done on China's soil today would be primitive by comparison with American farming standards of the Revolutionary War era. A vast population, archaic techniques, and periodic natural disasters would strain any nation's ability to feed itself.

The sheer mass of Chinese humanity keeps the wolf perennially at Peking's door. Some authorities estimate there may be close to 900 million Chinese. The regime claims 700 million. There has been no published census since 1953, however, and that one was open to a good deal of questioning. The truth probably lies between the two figures; it is doubtful that even the Chinese Communist government knows within 50 million the number of mouths to be fed. Whatever the real population of China, the Chinese seem to be reproducing themselves at a prodigious rate--an estimated 17 million a year.

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## ANNEX (Cont'd)

When the colossal miscalculations of the present regime are added to this equation, the task of feeding China becomes almost impossible.

For instance, Mao, whose credentials as a guerilla chieftain are considerably more impressive than his knowledge of farming, ordained in 1958 that all plowing would be four and one-half feet deep. This may be an excellent depth for a pipeline, but it is not conducive to the growth of wheat. Presumably what Mao had in mind was turning over the tired soil at the top but what he got was millions of acres of sterile yellow clay.

By 1960 everything in China was going downhill and agriculture led the way. To this day, China has yet to bring in a grain harvest that exceeds 1957's 180 million tons. And the population has increased at least 120 million since then.

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Food is already scarce.

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In six major cities, Chinese are on short rations and the situation will get worse before it gets better.

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## ANNEX (Cont'd)

Not that the Chinese will starve in the millions as they did in 1960 and 1961 after the collapse of Mao's "Great Leap Forward." But a good many will go hungry. With wheat imports running at between 5 and 6 million tons a year and a domestic crop that may bring in 170 million tons, China will probably squeak through in 1967. But two years of really bad weather, or another serious mistake in Peking, could bring on a famine of major proportions.



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